

Message Text

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ACTION XMB-04

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TO SECSTATE WASHDC 6507

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E. O. 11652: N/A

TAGS: EFIN BF

SUBJ: FCIA INSURANCE PROGRAM CLAIM NO. M-591-X/MT-7063;

EXPORTER: BOSTON SHOWCASE CO., BOSTON, MASS;

BUYER: LEISURE TIME LTD., NASSAU

REF: STATE A-885

PASS EXIM

1. FOLLOWING IS REPLY TO QUESTIONS POSED IN REF AIRGRAM BY EXIMBANK CONCERNING GCOB PURCHASE OF SONESTA BEACH HOTEL AND CHANCES FOR FAVORABLE SETTLEMENT OF BANK OF BOSTON'S CLAIM OF \$162,000 AGAINST LEISURE TIME LTD. (OBLIGATIONS TAKE OVER BY W.H.O. HOLDINGS LTD.).

2. (A) GCOB'S POSITION VIS-A-VIS PURCHASE OF HOTEL. SALES CONTRACT BETWEEN GCOB AND OWNERS OF SONESTA BEACH HOTEL INCLUDED AGREEMENT THAT GCOB WOULD NOT BE LIABLE FOR ANY DEBTS OF FORMER OWNERS. SIMILARLY, ANY MONIES WHICH WERE DUE UP TO TIME OF GCOB'S TAKE OVER WERE TO BE COLLECTED AND TURNED OVER TO FORMER OWNERS.

3. (B) AVAILABILITY OF ASSETS FOR CREDITORS. ALTHOUGH W.H.O. HOLDINGS LTD. IS IN LIQUIDATION, THERE IS A CONTROVERSY CONCERNING IDENTITY OF OFFICIAL LIQUIDATOR. LIQUIDATORS WERE UNCLASSIFIED

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APPOINTED BY DIFFERENT FACTIONS CONCERNED WITH SALE (LEBLANC

AND FAIRCHILD). AN APPEAL HAS BEEN MADE BY KENDAL MUNNINGS OF LOVENTHOL AND HORWATH, CHARTERED ACCOUNTANTS (APPOINTED BY LEBLANC GROUP AS LIQUIDATOR) FOR COURT TO RECOGNIZE HIM AS OFFICIAL LIQUIDATOR. IT IS EXPECTED THAT THIS APPEAL WILL BE HEARD BEFORE THE COURT SOME TIME THIS MONTH. EVEN IF MUNNINGS WERE TO WIN THE APPEAL, THE OTHER LIQUIDATORS (APPOINTED BY FAIRCHILD), WILLIAMS AND FRENCH OF ALAN BUTLER, COULD MAKE A COUNTER APPEAL. A SIMILAR DISPUTE CONCERNING APPOINTMENT OF OFFICIAL LIQUIDATORS (THE BAHAMAS COMMONWEALTH BANK) HAS DRAGGED ON FOR EIGHT MONTHS. ONCE QUESTION OF LIQUIDATOR HAS BEEN SETTLED IT WILL TAKE BETWEEN SIX MONTHS TO A YEAR BEFORE INFORMATION IS AVAILABLE ON THE COMPANY'S ASSETS. THE EMBASSY REGRETS THAT IT CANNOT BE MORE HELPFUL IN GIVING A TIME FRAME FOR THE SETTLEMENT OF THIS MATTER.

4. (C) DANA G. WELLS OF GRAHAM THOMPSON AND COMPANY HAS WRITTEN TO BOTH W.H.O. HOLDINGS LTD. AND LEISURE TIME LTD., RECEIVING NO REPLY TO EITHER CLAIM. HE HAS SUBSEQUENTLY WRITTEN TO MR. JOHN LIGHT II, VICE PRESIDENT OF FIRST NATIONAL BANK OF BOSTON TO INQUIRE IF HE SHOULD ISSUE A WRIT OF SUMMONS ON BOTH COMPANIES. HE HAS RECEIVED NO REPLY. MR. WELLS NEEDS A RESPONSE IN ORDER TO PROCEED. THE NEXT STEP WOULD BE TO OBTAIN LEAVE OF THE COURT TO SUE WHO HOLDINGS LTD. LEAVE OF COURT IS REQUIRED TO BRING ACTION AGAINST A COMPANY IN LIQUIDATION. IF W.H.O. HOLDINGS LTD. HAS ASSETS TO PAY OFF CREDITORS IN WHOLE OR IN PART THEN OF COURSE IT WOULD BE WORTHWHILE TO TRY AND OBTAIN THE COURT'S LEAVE AS THIS JUDGEMENT WOULD HAVE PRIOR CLAIM. IF THERE ARE NO ASSETS AVAILABLE, IT WOULD BE TIME AND MONEY WASTED TO TAKE FURTHER LEGAL ACTION. UNFORTUNATELY, AS STATED ABOVE, THERE IS NO WAY THAT EMBASSY NOR ANYONE ELSE CAN ESTIMATE THE ASSETS WHICH WILL BE AVAILABLE UNTIL SIX MONTHS TO A YEAR AFTER A LIQUIDATOR IS APPOINTED AND THE COMPANY'S BOOKS ARE MADE AVAILABLE TO HIM.

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